GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:873
ANSWERED ON:22.11.2002
HURDLES IN FDI
PAWAN KUMAR BANSAL;RAMSHETH THAKUR

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the attention of the Government has been drawn to the news-item captioned `MNCs worry about red tape, not FDI` appearing in the Times of India, dated October 22,2002;

(b) if so, whether procedural wrangles, hassles, red tape and FDI caps continue to impede FDI in major projects;

(c) if so, whether Chief Executives of 30 MNCs have held a closed door meeting with Planning Commission member and emphasised that India would be more palatable in boardrooms of Fortune 500 companies if the Government settles procedural delays and bring efficiency in the process of clearing and implementing projects;

(d) if so, the reaction of the Government thereto; and

(e) the steps stipulated to create an environment conducive to greater investment in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a) : Yes, Sir.

(b) : With a view to attracting more Foreign Direct investment , the Government have already put in place a liberal, transparent and investor friendly FDI policy where most activities fall on automatic route for FDI up to 100% except for a smallnegative list. Government has also taken various initiatives to step up FDI inflowswhich include setting up of Foreign Investment Implementation Authority(FIIA) under SIA to act as a single point interface between the foreign investors and various approved agencies to resolve problems relating to implementation of FDI projects.

(c) : Based on the information received from the Planning Commission,no meeting of the CEO`s of MNCs washeld in the Planning Commission as reported. However, at the behest of CII, Member, Planning Commission Shri N.K. Singh did have an interaction with the CII MNC Group on 21st October,2002, in which CEOs stressed the importance of improving procedural efficiency as an important ingredient for attracting foreign investment.

(d)&(e): A Committee, headed by the Secretary(IPP) was set up to look into the simplification of investment procedures, which has submitted its report to the Government recently. The Committee has recommended an empowered single window system along with re-engineering of the regulatory processes at the State level to reduce delays in various approvals. The Committee has further suggested that the single-window agency at the State level should be empowered to lay down time frames for approvals, review grant of approvals by concerned agencies/departments, local bodies, etc., accord approvals in a predetermined time frame, and also give appropriate directions to the concerned agencies/departments.

Government has set up an inter ministerial Committee to examine the extant procedures for investment approvals and implementation of projects and suggest measures to simplify and expedite the process for both public and private investment. taken several initiatives to improve procedural efficiency .